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IN THE

Supreme Court of the United States

OCTOBER TERM, 1940.

No. 570.

RCA MANUFACTURING COMPANY, INC.,
Petitioner,

—against—

PAUL WHITEMAN, W. B. O. BROADCASTING CORPORATION and ELIN, INC.,
Respondents.

BRIEF OF RESPONDENT, W. B. O. BROADCASTING CORPORATION, IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

JOSEPH M. HARTFIELD,
GEORGE C. SPRAGUE,
Counsel for Respondent, W. B. O. Broadcasting Corporation.

THE COURT PRESS, N. Y. C.

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—against—

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Respondents.

BRIEF OF RESPONDENT, W. B. O. BROADCASTING CORPORATION, IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

This case presents no reason within Rule 38, paragraph 5, of the Rules of this Court for the issuance of a writ of certiorari. The issues sought to be raised before the Court are all questions of local law. The decision below is not in conflict with applicable local decisions. Nor is it in conflict with the decisions of another circuit court of appeals on the same matter.

The Case Below.

This case involves the sole question of whether the manufacturer of a phonograph record or an artist, whose performance is recorded thereon, can restrain one who purchased such record through the usual channels of trade from playing it on a radio broad-

casting program. No question of statutory copyright or patent is involved.

After trial of the case in the United States District Court for the Southern District of New York, a decree was entered enjoining the respondent, W. B. O. Broadcasting Corporation and Elin, Inc.: (a) from violating the rights of RCA Manufacturing Company by broadcasting without its consent records of its manufacture bearing notice that they are not licensed for radio broadcasting; (b) from competing unfairly with RCA Manufacturing Company by broadcasting any phonograph records manufactured by it or its predecessors; (c) from competing unfairly with Whiteman and from violating his common law property rights by broadcasting records of his performances manufactured by RCA Manufacturing Company under an agreement, entered into in 1934; and (d) from inducing Bruno-New York, Inc. to breach its distributor's agreement with RCA Manufacturing Company by causing it to sell or furnish RCA phonograph records to W. B. O. Broadcasting Corporation for broadcasting purposes (R. 451-453).

Upon appeal, the Circuit Court of Appeals for the Second Circuit reversed the decree of the District Court and dismissed the complaint (R. 463-472). In an opinion written by Judge Learned Hand, concurred in by Judges Clark and Patterson, the Court held that the common law property rights, if any, of the manufacturer and of the recording artist terminated with the sale of the records and were not preserved by the restrictive notice on the record labels; that the manufacturer could not by placing a notice on a record restrict its use after sale, thereby creating a right in himself not afforded by the copyright statutes and greater even in scope and effect than that

given by such statutes; that broadcasting te records without the consent of the manufacturer andrecording artist did not constitute unfair competition that the mention of Whiteman's name in broadcastig records of his performances did not invade any right of privacy or property; and that this respodent was not guilty of a tort in inducing Bruno-Nev York to violate its distributor's agreement with petioner.

The opinion of the Circuit Court of Apeals is printed at pages 463-472 of the Transcrit and is reported at 114 F. (2d) 86. The opinion o the District Court is printed at pages 438-450 of he Transcript and is reported at 28 Fed. Supp. 787

Argument.

I.

The decision of the Circuit Court of Appeals is not in conflict with applicable local decisins nor is it in conflict with the decision of anotler circuit court of appeals.

The issues presented by this case, in so fir as they affect the rights of this respondent, are al matters of local law. They concern: (1) the existenre of common law rights of property in the manufacurer of a phonograph record and the recording artist arising from their respective contributions to the finished record, a right assumed, though not decided, by the Circuit Court of Appeals to exist and hence not before the Court upon this petition; (2) the effect of sale of a record in the ordinary channels of trade upon the common law right assumed to exist in the manufacturer and in the recording artist; (3) the effect of the restrictive notice on labels of some of the

records; (4) the extent and scope of the doctrine of unfair competition; and (5) the right of petitioner to injunctive relief against this respondent for inducing Bruno-New York to breach its distributor's contract with petitioner.

Petitioner contends that the Circuit Court of Appeals decided all these issues without proper regard to decisions deemed by it controlling on the issues before the Court. These decisions, it contends, present a conflict warranting the issuance of a writ of certiorari by this Court. These contentions are unsound. The decision below is amply supported by the cases cited by the Court in its opinion as well as by a host of others set forth in the brief of this respondent below. The cases cited by petitioner, with the single exception of *Waring* v. *WDAS Broadcasting Station*, 327 Pa. 433, 194 Atl. 631 (1937), are all distinguishable upon the facts. They present no conflict of applicable local law nor does the decision below conflict with the decision of another circuit court of appeals on the same matter.

Waring v. *WDAS Broadcasting Station*, *supra*, does establish the law of Pennsylvania with regard to the rights of recording artists to be contrary to the decision of the Court below. That case, however, failed to give proper regard to the provision of the Constitution of the United States which gives the Congress the exclusive power to protect the works of authors and inventors by grants of limited monopoly, a consideration deemed by the Court below to be of utmost importance. The Court below decided that the *Waring* case did not represent the law in jurisdictions other than Pennsylvania. It gave effect to the *Waring* decision, recognizing that it made broadcasts received

by radio sets in Pennsylvania a tort against the recording artist, but decided that this alone did not justify an injunction affecting broadcasts which reach other states as well as Pennsylvania. Petitioner does not contest this portion of the decision below. The *Waring* case can, therefore, afford no basis for claim of conflict of applicable local law.

a. The Circuit Court of Appeals correctly decided that any common law property right of the record manufacturer or of the recording artist was lost by the sale of the records in the ordinary channels of trade.

Petitioner contends that the decision below in its holding that the rights of the recording artist which allegedly passed to petitioner by assignment and operation of law were lost by sale of the records in the ordinary channels of trade, is in conflict with the decisions in *Waring* v. *WDAS Broadcasting Station*, *supra*, and in *Waring* v. *Dunlea*, 26 Fed. Supp. 338 (E. D. N. C., 1939), and further that the decision in its holding that petitioner's own alleged rights were so lost, is in conflict with the decisions in *International News Service* v. *Associated Press*, 248 U. S. 215, 240 (1918), *Fonotipia Limited* v. *Bradley*, 171 Fed. 951 (C. C., E. D. N. Y., 1909), and *Donaldson* v. *Becket*, 4 Burr. 2408.

Waring v. *WDAS Broadcasting Station* has already been considered, *supra*, p. 4.

Waring v. *Dunlea* involved facts very different from those before the present Court. In that case the records (electrical transcriptions) were not sold on the open market or, indeed, sold at all. Hence, there was no publication and the Court properly so held.

International News Service v. *Associated Press* is a case involving unfair competition and is considered *infra*, p. 8.

Fonotipia Limited v. *Bradley* is a District Court decision in the Second Circuit. It is not in conflict with the decision below, but, if it were, it must be deemed to that extent overruled.

Donaldson v. *Becket*—if construed as establishing a doctrine that common law copyright, unfettered by statutory copyright, is perpetual and survives publication—has never been law in this country, since such a doctrine is in conflict with Article I, Section 8, clause 8 of the Constitution which confers on the Congress the power to promote the progress of science and the useful arts, by securing "*for limited times*" to authors and inventors the exclusive right to their respective writings and discoveries.

b. The Circuit Court of Appeals correctly decided that the restrictive notice placed on certain records did not prevent loss of petitioner's alleged common law rights upon sale of the records and was invalid as an attempted servitude.

Petitioner does not urge, among its reasons for granting this petition, that the part of the decision below which deals with the invalidity of the restrictive notice as an attempted equitable servitude presents any conflict with the decisions of other courts. (Petition, pp. 6-10.) Point III of its brief (pp. 19-21) is, therefore, ill advised under Rule 38(2) of this Court. Furthermore, an examination of the cases therein cited shows that no conflict is presented.

Oregon Steam Navigation Co. v. *Winsor*, 87 U. S. 64 (1874), was an action between the original parties to a contract, and did not involve the right of a subsequent purchaser to use a chattel.

Bitterman v. *Louisville & N. R. Co.*, 207 U. S. 205 (1907), is one of the "ticket-scalper" cases.

General Talking Pictures Corp. v. *Western Electric Co.*, 304 U. S. 175, 305 U. S. 124 (1938), was an action for patent infringement and turned upon the fact that the restricted device was not manufactured under the patent since the manufacturer was licensed to manufacture and sell only for non-commercial use and, therefore, the use of the infringing article was in itself an infringement.

Independent Wireless Telegraph Company v. *Radio Corporation of America*, 269 U. S. 459 (1925), involved only a point of practice as to joinder of parties.

Dickerson v. *Tinling*, 84 Fed. 192 (C. C. A. 8th, 1897), was a case of patent infringement.

P. Lorillard Co. v. *Weingarden*, 280 Fed. 238 (W. D. N. Y., 1922) and *In Re Waterson, Berlin & Snyder Co.* v. *Irving Trust Co.*, 48 F. (2d) 704 (C. C. A. 2nd, 1931), are, respectively, a District Court case in the Second Circuit and an earlier case of the Circuit Court of Appeals for that Circuit and, in so far as they may be inconsistent with the decision below, must be deemed overruled.

Werderman v. *Société Générale d'Electricité*, 19 Ch. D. 246 (1881), involved a charge on a patent, and *Lord Strathcona Steamship Co.* v. *Dominion Coal Co.* (1926) A. C. 108, the rights of a charterer where the ship was afterwards sold.

c. The Circuit Court of Appeals correctly decided that this respondent's broadcast of petitioner's records did not constitute unfair competition.

Petitioner contends that the decision below is in conflict with the decision of this Court in *International News Service* v. *Associated Press*, 248 U. S. 215 (1918), and cases following that decision. The cited case for years has been viewed as laying down a limited doctrine applicable only to its own facts. This Court has recognized this on at least two occasions—first, in denying certiorari in the case of *Cheney Bros.* v. *Doris Silk Corp.*, 35 F. (2d) 279 (C. C. A. 2nd, 1929), cert. den. 281 U. S. 728 (1930); and, second, in *Reichelderfer* v. *Quinn*, 287 U. S. 315, 319 (1932), where the *Cheney* and *Associated Press* cases were cited in juxtaposition, both with approval.

Surely, if the *Cheney* case did not present a conflict warranting the grant of a writ of certiorari, no such conflict can be found between this case and the *Associated Press* case.

d. The Circuit Court of Appeals correctly decided that relief against this respondent could not be predicated upon petitioner's contract with Bruno-New York.

Petitioner does not contend in its petition that a conflict with decisions of other courts has resulted from the holding below that relief against this respondent could not be predicated upon its having induced a breach of petitioner's contract with its distributor, Bruno-New York. In its brief, however, it urges that the decision is in conflict with *Lumley* v. *Gye*, 2 El. & Bl. 216, *Heath* v. *American Book Co.*, 97 Fed. 533 (C. C., W. Va., 1899), and *Sperry & Hutchinson Co.* v. *Mechanics' Clothing Co.*, 128 Fed. 800 (C. C., R. I., 1904).

A reading of these cases will disclose that an entirely different subject matter was involved.

II.

Since the petition sets forth no conflict with applicable decisions it should be denied.

This suit, as stated by petitioner (Brief, p. 11), was instituted "to establish the right of petitioner to *control* the radio broadcast of phonograph records produced by it". Petitioner, as well as others in the industry, have long sought legislation to this end before Congress. Having failed there, it now seeks to invoke the aid of the courts.

Although the Constitution of the United States confers upon Congress the power "to promote the progress of science and the useful arts, *by securing for limited times* to authors and inventors the exclusive right to their respective writings and discoveries" (Art. I, Sec. 8, cl. 8), petitioner claims that a record manufacturer, without Congressional enactment, possesses at common law a right greater than that conferred by Congress upon authors under the copyright statutes—a right indestructible and existing in perpetuity—and seeks to evade Congressional denial by a judicial extension of the doctrine of unfair competition.

Petitioner has no social motives at heart. It wants to make money. Today there are but three major producers of phonograph records. Two of them, petitioner being one, are subsidiaries of vast and powerful radio chains. Petitioner seeks to dominate broadcasting stations without restriction through a control over the broadcasting of records upon which it knows the industry is dependent, and it seeks to exact the last

possible ounce of tribute from the industry. If the decision below is not allowed to stand, huge unrestrained monopolies will be set up in these vast and powerful radio chains and the very existence of every independent broadcasting station will be threatened.

Congress, by refusing to enact the requested legislation, has decided that the equities of the case do not favor the record manufacturer. It is submitted that the vain attempts of petitioner to monopolize the broadcasting industry without aid of the copyright statutes presents no issue of "public interest" to this Court.

CONCLUSION.

It is, therefore, respectfully submitted that the petition for a writ of certiorari to the Circuit Court of Appeals for the Second Circuit should be denied.

December 6, 1940.

Respectfully submitted.

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(Emphasis throughout is ours.)